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C O N F I D E N T I A L TEL AVIV 002955

SIPDIS

E.O. 12958: DECL: 05/10/2015

TAGS: [EFIN IS ECONOMY AND FINANCE GAZA DISENGAGEMENT](#)

SUBJECT: FINANCE MINISTRY CONFIRMS GOI DISENGAGEMENT LAW  
DOES NOT SPECIFY DEFICIT AMOUNT FOR 2006

REF: TEL AVIV 2940

Classified By: Economic Counselor William Weinstein for Reasons 1.4 (b, d)

1. (C) Finance Ministry staff informed Mission May 11 that GOI disengagement legislation specifies a 3.4% deficit target, including disengagement expenditures, for 2005 only. This corrects statements made by Finance DG Bachar and by other Israeli officials during the Joint Economic Development Group (JEDG) meeting on April 18 to the effect that the 3.4% target applies to both 2005 and/or 2006. The correction confirms comments made to the Ambassador by MoF DG Bachar May 9 reported reftel.

2. (C) Insofar as Bachar also told the Ambassador that the GOI would do "whatever it takes" on the fiscal side to make disengagement a success, the GOI correction does not guarantee an improvement in the 2006 deficit compared to 2005. Mission will continue to follow GOI fiscal developments closely.

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